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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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1. Mideast
2. Formation of Netanyahu's Government

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Key stories in the media:  
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Yesterday the media reported that Yisrael Beiteinu's Avigdor Lieberman is likely to receive all the cabinet portfolios he is demanding from PM-designate Benjamin Netanyahu: Foreign Affairs,

Public Security, Tourism, National Infrastructure, and Justice, which is reserved for the incumbent minister, Daniel Friedmann - although the latter appointment was uncertain today. HaQaretz reports on disapproving attitudes vis-à-vis Avigdor Lieberman across the U.S. Europe, and the Arab world. The newspaper, which noted that the QLieberman question continually arises in State Department briefings and other forums, Q said that the most negative opinion about him is likely to be expressed in Egypt. Maariv reported that yesterday Lieberman made a partial concession on the issue of civil marriages. Media quoted associates of former FM Silvan Shalom as saying that if Shalom is not entrusted with the foreign affairs or treasury portfolio, there will be no government.

Maariv reported that former IDF chief-of-staff Moshe YaQalon is slated to become defense minister, as PM-designate Benjamin Netanyahu received a final negative answer from current DM Ehud Barak.

All media reported that Attorney General Menachem Mazuz announced yesterday that former Israeli president Moshe Katsav will be charged with several serious sexual offenses, including rape. The decision ushers in a new phase of a legal drama that has dragged on for almost three years.

The media reported that bereaved families opposed to the release of hundreds of terrorists, demonstrated near Gilad ShalitQs familyQs protest tent in the vicinity of PM Ehud OlmertQs residence. Makor Rishon-Hatzofe quoted Abu Obeydah, the spokesman of HamasQs military wing, as saying yesterday that Qif the Zionist enemy does not pay the full price, ShalitQs family will be very familiar with the tent they set up in Jerusalem.Q Yesterday HaQaretz reported that Hamas has rejected the new list of Palestinian prisoners that Israel relayed, which are meant to be part of swap deal that would gain ShalitQs release. The media quoted PM Olmert as saying on Friday that demonstrations in favor of ShalitQs release are not helpful.

Most media highlighted a comment made at the cabinet meeting yesterday by Maj. Gen. Amos Yadlin, head of IDF Intelligence that Iran has crossed a major technological threshold in its nuclear program. Yadlin noted that, "Iran's ability to reach a military nuclear capability is a matter of adjusting its strategy vis-a-vis the goal of developing a nuclear bomb." Yadlin explained that the new approach of the Obama administration, which calls for dialogue with Iran, is being cautiously received in the Middle East. "Moderate Arab states believe that this [the dialogue] will be used by Iran and Syria, who will waste time under the guise of talk, while continuing their support for terrorism," Yadlin said. "The extremist axis hopes that the U.S. will indeed alter its stance, but also suspects that this is only the preamble to creating a more effective coalition against them."

Yesterday HaQaretz reported that the U.S. will only recognize a future Palestinian unity government if Salem Fayyad is reappointed prime minister, according to a message relayed by Secretary of State Hillary Clinton to European and Arab leaders at last week's donor summit in Sharm el-Sheikh. The same message was relayed to Hamas by the Norwegian government, in response to the organization's demand that Fatah replaces Fayyad with an independent candidate. Senior Palestinian sources told HaQaretz on Saturday that the sudden resignation of Fayyad was a tactical move, designed to pressure Hamas into softening its opposition to Fayyad serving as prime minister in a unity government. The sources believe that the American threat, which is likely to be backed by the EU and Egypt, will lead to Hamas changing its position and Fayyad rescinding his resignation. It is also feasible that the continuation of Fayyad's term as Palestinian prime minister will be on the agenda during talks between the U.S. and Syria, where the head of Hamas' political wing resides.

Yesterday The Jerusalem Post quoted Assistant Secretary of State for Near Eastern affairs Jeffrey Feltman, who held talks with Syrian officials in Damascus on Saturday, as saying that there was common ground between the U.S. and Syria, even as he cautioned that no one should expect an immediate breakthrough. Yesterday HaQaretz reported that Secretary of State Hillary Clinton stressed during her visit to Ankara that the U.S. would like to see a resumption of the talks between Israel and Syria. However, HaQaretz quoted Netanyahu as saying in closed talks that he prefers to give priority to the

Palestinian track over the Syrian one. This morning Israel Radio quoted Syrian President Bashar Assad as saying that there will not be full peace with Israel before the resolution of the Israeli-Palestinian conflict.

Yesterday HaQaretz reported that Israel is under increased pressure from the U.S. over settlement construction. Over the past month, Israel has reportedly received four official complaints from members of the new administration regarding various issues linked to West Bank settlements.

HaQaretz reported that, Q in a rare breach of official American adherence to Israel's policy of nuclear ambiguity, Q the U.S. military is terming Israel "a nuclear power" on a par with Russia, China, India, Pakistan and North Korea, all of which have declared their nuclear weapon status, and ahead of "nuclear threshold powers" Japan, South Korea and Taiwan, and the "emerging" Iran. The reference to Israel as a nuclear power is contained in a document published late last year by the U.S. Joint Forces Command (JFCOM), which is in charge of preparing American forces for their military missions worldwide, including in Iraq and Afghanistan.

All media reported that hundreds of violent anti-Israel protesters clashed with police in the Swedish city of Malmo on Saturday, outside the near-empty arena in which the Israeli and Swedish Davis Cup teams were playing a first-round match. Protesters pelted police with stones, firecrackers and paint bombs.

The media reported that Tel Aviv police have arrested 12 men in recent days on suspicion of operating a network that smuggled women from Eastern Europe into Israel, and later into Cyprus, while using violence and intimidation to force the women to work for escort services.

Leading media reported that during yesterdayQs cabinet meeting, PM Olmert told DM Barak that he was minimizing the achievements of Operation Cast Lead.

The media reported that yesterday Palestinians fired four Qassam rockets at southern Israel.

Yesterday HaQaretz and other media reported that on Friday Mauritania ordered the closure within 48 hours of the Israeli embassy in the capital Nouakchott, more than a month after it announced it was severing diplomatic relations with Israel. Ambassador Michael Arbel was ordered to leave the country over the weekend. HaQaretz reported that a senior Foreign Ministry source confirmed that the embassy was closed and that Arbel had gone on vacation, but not that the diplomatic ties between the two countries were severed.

Maariv reported that the Jewish Agency and the GOI are counseling Diaspora representatives on ways to defend their communities.

The media reported that yesterday Pope Benedict XVI confirmed that he would visit Israel from May 11-15, in the first papal visit since 2000 and the second official visit by a pope to the country. Media quoted President Shimon Peres as saying that the visit will be a Qmoving and important event bringing the spirit of peace and hope.

HaQaretz reported that yesterday Alice Walker, the Pulitzer-Prize winning American writer, visited Gaza, where she compared the Israeli occupation to her youth under racial oppression in the U.S.

Maariv reported that cooperation between officials of the Israel Nature & National Parks Protection Authority and Palestinian bird-lovers saved a rare eagle in the Hebron Hills.

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1. Mideast:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: QIf Israel were to announce now that it is joining the donor states in

encouraging the establishment of a Palestinian unity government, it would be an act of political foresight.

Senior op-ed writer Akiva Eldar commented in Ha'aretz: QNetanyahu's government will find a loyal partner in the conflict management approach: For more than three years ... Hamas has repeatedly suggested Israel give up the illusion of resolving the conflict in favor of managing it. The conservative, independent Jerusalem Post editorialized: QWe are concerned by the linkage [Secretary of State Hillary Clinton] made between the Roadmap and the operations of Jerusalem's municipal administration.

Block Quotes:

#### I. "Window of Opportunity"

The independent, left-leaning Ha'aretz editorialized (3/8): QRapid reconciliation is not only in the interest of Fatah and Hamas. This also represents a new opportunity for Israel to void its 2006 decision to boycott the Hamas government and the previous Palestinian unity government. The violent interfactional Palestinian struggle proved to Israel the extent to which domestic Palestinian politics can affect Israel's policy and the security of its citizens. A Palestinian unity government does not ensure an expedited peace process.... But a Palestinian unity government, even one that includes Hamas -- and perhaps precisely because of its inclusion -- is likely to be a reasonable partner in managing the conflict, particularly in bringing normal life to the residents of the territories. The United States and European countries support the establishment of such a government on condition that it recognizes Israel. Egypt and Saudi Arabia view such a step not only as a critical means to bring normalcy to Palestine, but also as a way to disengage Hamas from Iran. If Israel were to announce now that it is joining the donor states in encouraging the establishment of a Palestinian unity government, it would be an act of political foresight.

#### II. "Bibi Has a Partner"

Senior op-ed writer Akiva Eldar commented in Ha'aretz (3/9): QNetanyahu's government will find a loyal partner in the conflict management approach: For more than three years, since its victory in the Palestinian Legislative Council, Hamas has repeatedly suggested Israel give up the illusion of resolving the conflict in favor of managing it. Khaled Mashal, like Netanyahu, rejected Mahmoud Abbas's demand to include the principle of two states for two peoples in the policy statement of a Palestinian unity government. The Hamas ministers will be happy to speak with Netanyahu's government about establishing industrial parks on the border areas, and they will even be happy to sign a hudna (cease-fire agreement) for 10 years or more. Meanwhile, the demographics will have their say. Moreover, successful management of the conflict is incongruous with creating new facts on the ground, which exacerbate the conflict and make its resolution difficult.

#### III. "Unhelpful Reprimand"

The conservative, independent Jerusalem Post editorialized (3/8): QWe are concerned by the linkage [Secretary of State Hillary Clinton] made between the Roadmap and the operations of Jerusalem's municipal administration. If Israelis were to follow such a linkage to its logical conclusion, then any local authority here could at any time be accused of overstepping arbitrary bounds imposed by outside powers. This infringes on Israeli sovereignty at the most elementary level.... Not that the circumstances anywhere else can compare to those of Emek Hamelech (King's Valley or Silwan). This area, part of a First Temple royal enclave, perhaps King David's own, is of matchless historical significance and includes sites holy to all three monotheistic religions.... The area is a prime archeological site and that the illegal construction, according to the Israel Antiquities Authority, has already wrought considerable, often irreversible damage to some of the world's most unique biblical-era relics. Paradoxically, Arab illegal construction in this particular area is recent and wouldn't have been possible without Israeli technological improvements: King's Valley was regularly flooded each winter, until the municipality devised means

to drain it some 20 years ago.... Hamas sympathizer Sheikh Raed Salah of the Northern Branch Islamic Movement [in Israel] sounded the rallying cry and organized protests that culminated in an Arab general strike. As expected, this extremist garnered instant support abroad. We are, however, perturbed that even the American secretary of state has seen fit to amplify Salah's incendiary propaganda. In the case of Emek Hamelech, Barkat is right to say that Clinton has been misled by Palestinian Arab Qdisinformation.

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12. Formation of Netanyahu's Government:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: QIn his decisions regarding the composition of his government, Netanyahu is placing himself in a confrontational position vis-a-vis the justice system.

Senior columnist Nahum Barnea wrote in the mass-circulation, pluralist Yediot Aharonot: QIn the present Israeli reality, anyone who wants a broad government must necessarily also betray the far right. Anyone afraid to confront the demands of the far right, will not be able to form a broad government.

Block Quotes:  
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1I. "Netanyahu's Bankruptcy"

The independent, left-leaning Ha'aretz editorialized (3/8): QThe coalition agreement being forged between Likud and Yisrael Beiteinu threatens the law-enforcement system and the rule of law in Israel, and reflects moral bankruptcy on the part of Prime Minister-designate Benjamin Netanyahu.... There is a serious ethical problem with the fact that a person suspected of serious offenses, like [Avigdor] Lieberman, will appoint the people in charge of the law-enforcement system, who hold the key to the promotion of his investigators, and -- if an indictment is served against him -- his prosecutors and judges, as well. Anyone who leaves [Justice Minister Daniel] Friedmann in his post intends to continue the campaign of destruction and incitement against the justice system by the previous government, and perhaps even to take it further. This is Netanyahu's message in allowing the Justice Minister to remain. The prime minister-designate cannot hide behind the claim that he only gave in, for lack of choice, to Lieberman's coalition demands. In his decisions regarding the composition of his government, Netanyahu is placing himself in a confrontational position vis-a-vis the justice system, instead of behaving with the proper statesmanship and working to strengthen and rehabilitate it after the damage caused by Friedmann.

II. "The Birthright and the Mess of Potage"

Senior columnist Nahum Barnea wrote in the mass-circulation, pluralist Yediot Aharonot (3/9): QExperience, says Netanyahu, is what differentiates between what I was during my previous term and what I am now. I made mistakes then because I hadn't had any experience. Now I'm experienced. And indeed experience is an important asset. The question is, however, what one gains from it.... Netanyahu drew two lessons from a traumatic event [the October 1998 signing of the Wye Memorandum]: The first, to pursue a broad, central government whose stability will not be dependent on the wishes of a handful of fringe Knesset members. The second, never again to betray the far right. Netanyahu has not grasped, or has not wanted to grasp, that these two lessons are self-contradictory: In the present Israeli reality, anyone who wants a broad government must necessarily also betray the far right. Anyone afraid to confront the demands of the far right, will not be able to form a broad government.... Netanyahu sold his birthright for a mess of potage. The first concession concerned the peace process: Due to a fear of the far right wing within the Likud, he withdrew his previous support of a Palestinian state, and by doing so terminated all chances of getting Kadima into the government. The second concession was political.... Will the appointment of a politician suspected of racism assist Netanyahu's government's chances of

success? Very doubtful.... The third concession was financial.... In a period of world economic crisis the last thing the Finance Ministry needs to worry about now is funding yeshivas. Israel is heading into very difficult financial times. With these natural partners, and with Netanyahu's fear of turning them down, these times will be even more difficult. The right wing of the Likud is not to blame. Neither are Lieberman or the religious. The choice was that of Netanyahu. King Saul asked for donkeys and received a kingdom. This is what happens when a prime minister with too much experience arrives.

CUNNINGHAM